DRAFT ANNUAL BUDGET OF-

GAMAGARA Local Municipality(NC 453)

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2015/16 – 2017/18

DRAFT ANNUAL BUDGET OF

GAMAGARA

2015/16 TO 2017/18

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Part 1 – Annual Budget

1.1 Mayor's Report

THE MAYOR OF GAMAGARA'S DRAFT BUDGET SPEECH TO COUNCIL ON THE 31st MARCH 2015

FOR THE 2015/16 MEDIUM TERM

Delivered by

MAYOR OF GAMAGARA LOCAL MUNICIPALITY

Cllr. DP MOYO

Honourable Councillors

Chairpersons of various Portfolio Committees

The Municipal Manager

Managers accountable to the accounting officer and the entire staff component

Ward Committees Members

Members of Public

Members of Media

Ladies and Gentlemen

Honorable Councillors, Section 215 of the Constitution of the Republic of South Africa, 1996 requires the National, Provincial and Local Sphere of Government to draft budgets that promotes transparency, accountability and the effective financial management of the economy, debt and the public sector. The Constitution furthermore states that budgets in each sphere of government must contain estimates of revenue and expenditure, differentiating between Capital and Operating Expenditure, proposals for financing any anticipated deficit for the period to which they apply and an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuring year.

WHEREAS Section 16 of the Local Government: Municipal Finance Management Act, 2003 (Acts 56 of 2003) requires that a Municipality approves an annual budget before the start of the financial year, adopt, maintain and implement a Budget Policy.

Therefore, it is an honour and privilege for me to present or table before you today the Draft Annual Budget for 2015/16 financial year of the Gamagara Council. I am pretty much confidant that our municipality remains one of the better and governable municipalities in our Province on the based that despite the rapid or tremendous growth we remain steadfast in ensuring that service are delivered to our people. In the Province we are one of the few Councils that are still regarded as plenary but the reality of the matter is that we

are far better than that as we account for many population from all corners of the Country and certain parts of the Continent.

I strongly believe that you will agree with me as I indicate that the current population in Kathu and the surrounding Townships has doubled dramatically due to the uncontrolled influx caused by the mining opportunities in our area.

What this means is that, regardless of our low revenue collection or unrealistically anticipated revenue we are still obliged to provide basic services to this people as per the Constitution of the Republic and certainly given our current situation it becomes very difficult on how to address this challenges adequately.

From the recent Strategic Planning Session that we had we at least managed to attempt providing solutions to some of these challenges and the Draft Budget that we will be tabling here today resulted from this strenuous exercise of planning. As Council we should be asking ourselves whether we have necessary quality and much needed resources to compete equally with the current developments in our Town precisely because from our planning point of view it appears as if Private Businesses are way ahead of us and as Council we do not provide guidance to this developments. As the mining Town or municipality it is common knowledge that planning remains one of the critical pillar that will ensure sustainability and stability of our Council when coming to issues of developments.

Over the recent months our Council just reverberate from bad media publicity that was influenced by the findings of the Public Protector, which was honestly not the true reflection of how we handled the public purse as Council and Administration. DESPITE all of this publicity and posture created by the abovementioned report in the public domain, our Council managed to receive a better Audit Opinion from the highest Office of the Auditor General South Africa, that in a way has proofed our detractors otherwise.

There are various pieces of legislations and policies in Local Government that have to be respected and considered to ensure good governance in the public sector. All these were adhered to by our Council and for this period we at least tried our level best to reach out to

all our communities. Public Participation exercise in local government sphere is one of the critical component that assist council to understand quite seriously the needs of our people.

"South Africa today is a Country of immense inequalities. The bedrock of our perspective is our commitment to the establishment of democracy in a South Africa that belongs to all who live in it, black and white. In keeping with this commitment to our people, our policy positions enshrined in the Freedom Charter have been formulated with the fullest participation of our people- President Oliver Tambo "OR" in 1987"

Honourable Councillors, I am convinced that we should unanimously thank all our governance structures that has work tirelessly with us collectively to ensure maximum participation of our people in the government program in order to assist us to be where we are today.

The National Development Plan states that, "South Africa has the means, the goodwill, the people and the resources to eliminate poverty and reduce inequality, it is within our grasp."

The following reflects some of our achievement and other envisaged projects since the last and the current financial years:

WARD	**PROJECT**	**BUDGET YEAR**	**AMOUNT**	**STATUS**	**LABOUR STATS**
O'shoek	Provision of water to 350 stands	2013-14	R5 792 000	Complete	
Kathu	Upgrading of WWTW – Phase 1	2013-14	R 10 000 000	Complete	
Sesheng	Construction of Multipurpose Centre	2013-14	R13 731 300	Work in Progress	
Sesheng	Upgrading of Park	2013-14	R 600 000	Complete	
Kathu	Upgrading of Sewer Pump Station	2013-14	R2 000 000	Complete	

Deben	Water Reticulation for 337 stands	2013-14	R3 870 517	Complete	
O'shoek	Extension of Sewer Network	2013-14	R2 500 000	Complete	
O'shoek	Road Construction	2013-14	R20 000 000	Complete	
O'shoek	Road Projects Town	2013-14			
O'shoek	Electricity Bulk Supply	2013-14	R 6,400,000.00	Complete	
Deben	Sewer Pump Station and Main Rising	2013-14	R11,476,976.41	Complete	

The CFO will cover the following aspects in details:

- **Financial Overview and Overall Budget**
- **Key Assumptions Underpinning the Budget**
- **Summary of the 2015/2016 Budget**
- **2015/2016 Operating Budget**
- **2015/2016 Capital Budget**
- **Tariffs**

"Because television doesn't offer the kind of budget that a movie offers, you've got to be a little more careful where you spend the money to put the fiction in science- Steven Spielberg"

"Look at our society. Everyone wants to be thin, but nobody wants to diet. Everyone wants to live long, but few will exercise. Everybody wants money, yet seldom will anyone budget or control their spending.'

Thank you !!!

1.2 Council Resolutions

On 31 March 2015 the Council of Gamagara Local Municipality met in the Council Chambers of Gamagara Municipality for the tabling of the draft annual budget of the municipality for the financial year 2015/16.

The Council approved and adopted the following resolutions:

1. The Council of Gamagara Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

   1.1. The draft annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
   - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2;
   - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3;
   - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4; and
   - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.

   1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
   - 1.2.1. Budgeted Financial Position as contained in Table A6;
   - 1.2.2. Budgeted Cash Flows as contained in Table A7;
   - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
   - 1.2.4. Asset management as contained in Table A9; and
   - 1.2.5. Basic service delivery measurement as contained in Table A10.

2. The Council of Gamagara Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015:
   - 2.1. the tariffs for property rates – as set out in Annexure A,
   - 2.2. the tariffs for electricity supply – as set out in Annexure A
   - 2.3. the tariffs for the supply of water – as set out in Annexure A
   - 2.4. the tariffs for sanitation services – as set out in Annexure A
   - 2.5. the tariffs for solid waste services – as set out in Annexure A

3. The Council of Gamagara Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015 the tariffs for other services, as set out in Annexure A.

4. To give proper effect to the municipality's annual budget, the Council of Gamagara Local Municipality approves:
   - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates, bulk services and gains on land disposal to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

5. That council in principle approves the draft bulk services policy (Annexure B) that needs to be advertised for community inputs and public participation before final approval
6. That council takes note of the Service Level Standards outline (Annexure C) for completion before final approval.
7. That council takes note of the budget related policies that will be tabled with the final budget for approval after consultation

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.
National Treasury's MFMA Circular No. 51, 54, 70, 72, 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and the expanding town which requires upgrading of most of our bulk services;
- The increased cost of bulk water and electricity (due to tariff increases from Sedibeng Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – Capital projects had to be reduced as a results of huge operational expenditure commitments, i.e. Bulk purchases, critical vacancies, depreciation, etc.
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and Electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

R thousand	Adjustment Budget 2014/15	Budget Year 2015/16		Budget Year +1 2016/17		Budget Year +2 2017/18	
Total Operating Revenue	476 577	670 593	28.93	692 545	3.17	731 288	5.30
Total Operating Expenditure	371 267	436 295	14.90	458 585	4.86	487 074	5.85
Surplus/(Deficit) for the year	105 309	234 298	55.05	233 960	(0.14)	244 214	4.20
Total Capital Expenditure	175 191	390 307	55.11	290.621	(34.30)	191.505	(51.76)

Total operating revenue has grown by 28.93 per cent or R124 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 3.17 and 5.30 per cent respectively, equating to a total revenue growth of R254.7 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R436 million and translates into a budgeted surplus of R234 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown by 14.90 per cent in the 2015/16 budget and by 4.86 and 5.85 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years decreases and increases to R233 million and R244 million respectively. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R390.307 million for 2015/16 is 55.11 per cent more when compared to the 2014/15 Adjustment Budget. The increase is due to the rapid growth of Gamagara towns in general which necessitate the need for bulk services upgrade. The capital programme decreases to R290.6 and R191.5 million in the 2016/17 and 2017/18 financial years respectively. A substantial portion of the capital budget will be funded from the surplus from internally generated funds over the MTREF with anticipated surplus of R234 million in 2015/16 financial year. Internally generated funds will contribute 60 per cent of capital expenditure in the budget year 2015/16 when government grant transfers and contributions are excluded. This demonstrate Gamagara Municipality's sustainability as a going concern as we are less reliant on grants and subsidies from government. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has substantially decreased over the past five years as a result of the decision to settle smaller loans and to put a moratorium on further borrowings.

1.4 Operating Revenue Framework

For Gamagara to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. We will also need to come up with smart revenue collection methods, i.e. smart/prepaid meters and strong economic development policies that are cost reflective, i.e. bulk services, in order to keep up with the growth of the town.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	17 274	20 321	23 623	396 608	177 803	177 803	177 803	419 611	442 689	466 152
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	54 501	93 027	89 821	115 695	132 695	132 695	132 695	119 038	125 585	132 241
Service charges - water revenue	2	25 544	30 467	46 003	51 851	68 851	68 851	68 851	48 394	51 056	53 762
Service charges - sanitation revenue	2	7 571	16 697	11 435	22 341	39 341	39 341	39 341	17 731	18 706	19 697
Service charges - refuse revenue	2	–	11 629	13 700	14 893	14 893	14 893	14 893	15 756	16 623	17 504
Service charges - other		11 532	(4 344)	48 690	–				–	–	–
Rental of facilities and equipment		2 264	1 594	630	715	715	715	715	685	722	761
Interest earned - external investments		344	137	446	500	500	500	500	529	558	588
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–		
Dividends received		–	–	–	–	–	–	–	–		
Fines		100	368	775	314	314	314	314	324	341	360
Licences and permits		648	848	1 055	872	872	872	872	919	969	1 021
Agency services		1 913	2 036	2 476	2 919	2 919	2 919	2 919	2 304	2 430	2 559
Transfers recognised - operational		31 849	43 363	86 574	25 569	33 203	33 203	33 203	26 708	29 071	32 650
Other revenue	2	4 732	3 338	5 979	2 432	4 470	4 470	4 470	3 596	3 794	3 995
Gains on disposal of PPE		–	2 971	–	–	–	–	–	15 000	–	–
Total Revenue (excluding capital transfers and contributions)		158 272	222 450	331 207	634 709	476 577	476 577	476 577	670 593	692 545	731 288

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges increased by 43.12% and forms a significant percentage of the revenue basket for the Municipality mainly due to the increase in the property valuation from R3 billion to R27 billion in the 2014/15 financial year.
The drop in the rates revenue in the adjustments budget 2014/15 was due to a late objection by Kumba Mine which has now been reinstated to its potential status as per the valuation roll in the 2015/16 financial year and medium term.
This growth can be mainly attributed to the property rates and the increased share that the sale of Electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk Electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Operating grants and transfers totals R25 million in the 2015/16 financial year and steadily increases to R27 million by 2016/17.

Table 2 Operating Transfers and Grant Receipts

Description **R thousand**	**Current Year Adjusted budget 2014/15**	**Budget year 2015/16**	**Budget year +1 2016/17**	**Budget year +2 2017/18**
National Government	**24 579**	**25 453**	**27 084**	**30 402**
Equitable Share	22 045	22 923	24 527	27 669
Finance Management	1 600	1 600	1 625	1 700
System Improvement	934	930	957	1 033

TARIFFS

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Sedibeng Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water increases is immense and these tariffs are outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of Electricity and water, petrol, diesel, chemicals,

cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services and contributes substantially to essential non-trading services capital outlay, i.e. community services, public safety, libraries, etc. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the 2013/14 budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 20 per cent rebate will be granted on all state owned residential properties including schools;
- 50% will be granted to government hospitals and 25% to private hospitals
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- 100 per cent rebate will be granted to churches in terms of the rates Policy;
- 100 per cent rebate will be granted to public service infrastructure such as roads and rail ways;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 20 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 6 per cent increase from 1 July 2015 is contained below:

Table 3 Comparison of proposed rates to be levied for the 2015/16 financial year

Category	Current Tariff (1 July 2014)	Proposed tariff (from 1 July 2015)
Properties	C	C
Residential	0.008490	0.008982
Industrial	0.014856	0.015718
Business and commercial	0.016970	0.017964
Agricultural	0.000680	0.000719
State Owned	0.008490	0.008982
Education	0.008490	0.008982
Mining	0.016979	0.017964

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with Electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2015.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Sedibeng Water has increased its bulk tariffs with 8 per cent from 1 July 2015, which increase contributes to approximately 48 per cent of the Municipality’s water input cost.

Sedibeng Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Sedibeng Water’s current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise R1 billion for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A tariff increase of 6 per cent from 1 July 2015 for water is proposed. This is based on input cost assumptions of 8 per cent increase in the cost of bulk water, the cost of other inputs increasing by 6 per cent and a surplus generated on the water service of a minimum 15 per cent. A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 4 Proposed Water Tariffs

A dual system, for the supply of potable water (indoor) and untreated or outdoor water exist in Kathu, as a result we have a twofold approach to charges in the step tariff structure below:

CATEGORY	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	Rand per kℓ	**Rand per kℓ**
Portable		
(i) 001 to 00006 kℓ per 30-day period	8.11	8.60
(iii) 007 to 00012kℓ per 30-day period	9.69	10.27
(iv) 013 to 00035kℓ per 30-day period	12.91	13.68
(v) 036 to 99999kℓ per 30-day period	15.34	16.25
RAW/UNTREATED		
(i) 001 to 00200 kℓ per 30-day period	4.97	5.27
(ii) 201 to 00300kℓ per 30-day period	6.07	6.43
(iii) 301 to 00400kℓ per 30-day period	9.67	10.25
(iv) 401 to 99999kℓ per 30-day period	13.45	14.26

The tariff structure of the 2014/15 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R16.25 per kilo liter for consumption in excess of 36kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk Electricity pricing structure. A 14.24 per cent increase in the Eskom bulk Electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.20 per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase that are higher than CPI, it is expected to depress growth in Electricity consumption, which will have a negative impact on the municipality's revenue from Electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. The following table shows the increases of electricity tariffs:

Domestic Tariffs (IBTs)	2013/14	*Tariff*	2014/15		2015/16	
		Increase				
Prepaid Meters	**C/kWh**	*%*	**C/kWh**	*%*	**C/kWh**	R/kWh
Block 1 (0-50KWh)	70,00	7,39	74,00	6,30	78,66	
Block 2 (51-350KWh)	87,00	7,39	93,00	7,30	99,79	
Block 3 (351-600KWh)	117,00	7,39	126,00	12,20	141,37	
Block 4 (>600KWh)	138,00	7.39	148,00	12,20	166,06	
Conventional Meters						
Block 1 (0-50KWh)	79,00	7.39	85,00	-0,98	83,34	
Block 2 (51-350KWh)	100,00	7.39	107,00	-1,00	106,50	
Block 3 (351-600KWh)	126,00	7.39	135,00	0,00	135,00	
Block 4 (>600KWh)	138,00	7.39	148,00	0,00	148,00	
Basic Charge R/kWh						105,00

The following table shows the impact of the proposed increases in Electricity tariffs on the electricity charges for domestic customers:

It should further be noted that we are implementing a stepped tariff structure for electricity. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). .

The inadequate Electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's Electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, an electricity bulk services contribution policy as a strategy for funding of the infrastructure has been approved in the previous financial year to spread the burden over the life span of the assets. As part of the 2015/16 medium-term capital programme, funding has been allocated to Electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions of 35 percent related to water. It should be noted that Electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore higher

electricity increase has a direct impact on the sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R15 million for the 2015/16 financial year.

The following table compares the current and proposed tariffs:

Table 5 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF PER kℓ	PROPOSED TARIFF PER kℓ
	R	R
	2014/15	2015/16
Sewer	4.34	4.60
Basic charge	67.32	71.36
Availability charge (empty erven with services)	289.28	306.64
Availability charge (erwen with a structure)	58.43	61.94
Vacuum tank – 5000 litre/or part therof: Non Resident	255.99	271.35
Connection charges (new erven)	1 023.35	1 084.75
Disposal of sewer at WWTW/10 000l	1 121.47	1 188.76
Sanitation charge per kl	2.65	2.81

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models, i.e nearer land fill and cost effective routes, outsourcing, etc. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be justifiable now, owing to outstanding investigation that will guide a cost reflective and most viable model.
The following table compares current and proposed amounts payable from 1 July 2015:

Table 6 Comparison between current waste removal fees and increases

	Current Tariffs 2014/15 R per Month	Proposed Tariffs 2015/16 R per month
Garden Refuse (Load)	174.53	185.00
Removal of trees (Load)	413.15	437.94
Building waste (load)	700.92	742.98
Incineration of documents –Consignment	419.39	444.55
Household refuse (1Xweekly)	113.06	119.84
Business refuse (only food premises 3 x weekly)	231.63	245.53
General business refuse (2xweekly)	185.30	196.42
Pensioners - Refuse	76.37	80.80

Private developers refuse removal will be discounted by 40% where they collect and dump the waste to the waste disposal site provided they applied in writing and approval was granted. There are also new tariffs on waste minimization and recycling contained in the bound tariff structure.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherences to the principle of no project plan *no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by type

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18

Expenditure By Type											
Employee related costs	2	56 022	67 488	83 936	110 755	110 918	110 918	110 918	122 733	130 269	137 879
Remuneration of councillors		2 205	2 368	2 637	2 890	2 890	2 890	2 890	3 208	3 384	3 564
Debt impairment	3	1 829	6 849	9 724	6 849	6 849	6 849	6 849	7 246	7 644	8 049
Depreciation & asset impairment	2	20 285	52 854	54 720	53 820	54 839	54 839	54 839	58 019	61 210	64 455
Finance charges		4 760	5 234	3 984	3 774	3 774	3 774	3 774	5 440	5 739	6 043
Bulk purchases	2	57 896	69 794	82 149	111 221	111 221	111 221	111 221	133 542	140 887	148 354
Other materials	8	–	–	–	–	–			–	–	–
Contracted services		506	4 660	4 901	6 662	6 662	6 662	6 662	15 991	16 871	17 765
Transfers and grants		–	13 063	9 379	–	–	–	–	6 353	7 341	7 912
Other expenditure	4, 5	28 498	24 097	34 396	71 324	74 115	74 115	74 115	83 763	85 239	93 053
Loss on disposal of PPE		1 322		525	–	–					
Total Expenditure		173 323	246 407	286 353	367 295	371 267	371 267	371 267	436 295	458 585	487 074

The budgeted allocation for employee related costs for the 2015/16 financial year totals R122.7 million, which equals 28 per cent of the total operating expenditure.

The *Salary and Wage Collective Agreement* for the period 1 July 2012 to 30 June 2015 has come to an end. SALGA issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial years – inflation related increase plus 0.25 per cent.

As negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets [NT. Circular 75]

The gazette for 2015 on the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) which will indicate the actual costs to budget for the remuneration of councilors is still to be released. The most recent proclamation of 5 to 7 percent in this regard has been taken into account in compiling the Municipality's draft budget.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R7.2 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R58 million for the 2015/16 financial year and equates to 13 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.2 per cent of operating expenditure excluding annual redemption for 2015/16.

Bulk purchases are directly informed by the purchase of Electricity from Eskom and water from Sedibeng Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials and expenditure comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. Other expenditure comprises of various line items relating to the daily operations of the municipality. In line with the

Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2015/16 the appropriation against this group of expenditure has grown by 67.5 per cent (R12.3 million) compared to the 2014/15 adjustment budget.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3 000 or more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 5 2015/16 Medium-term capital budget per vote

NC453 Gamagara - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Budget & Treasury Office		–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community Services		–	–	29 831	3 550	3 550	3 550	3 550	12 550	14 500	9 500
Vote 5 - Infrastructure Services		35 107	24 298	71 537	197 953	53 583	53 583	53 583	169 289	276 121	182 005
Vote 6 - Shared Services		–	–	431	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	35 107	24 298	101 798	201 503	57 133	57 133	57 133	181 839	290 621	191 505
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		539	154	325	361	361	361	361	1 342	–	–
Vote 2 - Budget & Treasury Office		24	3 526	182	2 212	237	237	237	174	–	–
Vote 3 - Corporate Services		1 415	–	–	11 059	8 259	8 259	8 259	8 770	–	–
Vote 4 - Community Services		2 277	43 023	–	41 672	20 513	20 513	20 513	21 439	–	–
Vote 5 - Infrastructure Services		–	–	–	94 177	87 983	87 983	87 983	175 784	–	–
Vote 6 - Shared Services		–	–	–	1 369	705	705	705	960	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		4 255	46 702	507	150 849	118 058	118 058	118 058	208 468	–	–
Total Capital Expenditure - Vote		39 362	71 000	102 305	352 352	175 191	175 191	175 191	390 307	290 621	191 505

For 2015/16 an amount of R345 million has been appropriated for the development of infrastructure which represents 88.4 per cent of the total capital budget. Community Services is the second biggest capital appropriation with an allocation of R33.9 million. Please refer to table A5 and supporting table SA36 on the detail of the capital budget.

In conclusion:

A quote from Circular 75

Service Level Standards

"The service level standards need to be tabled before the municipal council for formal adoption"

The two pages attached (Annexure B) constitutes the outline to assist municipalities in finalising their service level standards.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Chairperson of the Finance portfolio committee.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council as required the IDP and budget time schedule on 30 August 2014.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council which let to delays in the preparation of the budget.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the second review of the IDP as the first was adopted by Council in May 2014. It started in September 2014 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in August.

The Municipality’s IDP is the principal strategic planning instrument, which directly guides and informs the planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the second revision cycle includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 70 and 72 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2015/16 MTREF as tabled today before Council on 31 March 2015 must be advertised for community input and consultation and must be published on the municipality's website, and hard copies must be made available at customer care offices, municipal notice boards and various libraries.
All documents in the appropriate format (electronic and printed) must be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees must be utilised to facilitate the community consultation process from now and before end May 2015.

2.2 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.2.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.2.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.2.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.2.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council

2.2.5 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.2.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.2.7 Property Rates Policy

The property rates policy aims to regulate the levying of property rates and the categorisation of property owners. It further aims to regulate who and how rebated and exemptions will be provided to property owners. Since there is a new valuation roll to be implemented in July 2014 the policy needs to be reviewed to address current trends in the municipality.

2.3 Municipal manager's quality certificate

I, TC Itumeleng, Municipal Manager of Gamagara, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name TC Itumeleng

Municipal manager of Gamagara (NC453)

Signature____

Date 31 March 2015

ANNEXURE A.

Services Tariffs 2015/16

ANNEXURE B.

Draft Bulk services policy

ANNEXURE C.

Outline of:

Service Level Standards